



ConstructionSkills Network 2011-2015 East of England

LABOUR MARKET INTELLIGENCE



CONTENTS

SUMMARY AND KEY FINDINGS

THE OUTLOOK FOR CONSTRUCTION
IN THE EAST OF ENGLAND

CONSTRUCTION EMPLOYMENT FORECASTS
FOR THE EAST OF ENGLAND

COMPARISONS ACROSS THE UK



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Labour Market Intelligence

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1. Summary - East of England

Construction output in the East of England is forecast to grow at an annual average rate of 2.4%, the strongest of all the regions and nations and significantly stronger than the UK figure of 1%. Repair and maintenance (R&M) output is expected to be slightly more buoyant than new work, with growth rates of 2.6% and 2.2%, respectively. Total construction employment in the region is projected to reach almost 249,000 in 2015, 12% higher than 2011's forecast level, but still 3.5% lower than 2006's peak level.

Regional comparison 2011-2015

	Annual average % change in output	Growth in total employment	Total Annual Recruitment Requirement
North East	-0.4%	4,590	2,400
Yorkshire and Humber	-0.6%	7,670	2,510
East Midlands	0.9%	7,930	3,860
East of England	2.4%	21,900	5,220
Greater London	1.8%	10,720	4,190
South East	2.2%	19,560	5,440
South West	1.1%	4,970	3,920
Wales	1.2%	10,700	4,160
West Midlands	-0.5%	9,290	2,680
Northern Ireland	1.4%	4,140	1,050
North West	-0.6%	2,510	4,090
Scotland	1.0%	11,090	3,360
UK	1.0%	115,070	42,880

Source: CSN, Experian
ref. CSN Explained, Section 4, Note 2



Infrastructure is projected to be one of the best performing sectors in the region, growing at an average rate of

7% per year between **2011 and 2015**

Key findings

The infrastructure sector is projected to be one of the best performing sectors in the region, growing at average rate of 7% per year over the 2011-2015 period. Work on DP Port's London Gateway is due to start in late 2011 and is expected to continue throughout the forecast period, driving growth in the sector. The industrial sector is also expected to benefit from this ports project, which is likely to drive demand for distribution facilities, such as warehouses. Thus, the annual average growth of 9% forecast for the industrial sector is one of the strongest across the UK.

Easing credit conditions will benefit both potential buyers and housing developers looking for finance, and this will stimulate activity in the housing market. Output in the private housing sector is projected to rise in each year of the forecast period at an average rate of 7% per annum. In contrast, the outlook for the public housing sector is gloomy with the sector expected to see an annual average decline of 6.3% over the 2011-2015 period. Levels of funding available for public housing have been almost halved – there was £8.4bn of funding available under 2008-2011 National Affordable Housing programme compared with the £4.4bn announced in the Comprehensive Spending Review for the 2011-2015 period.

The worst performing sector in the East of England over the forecast period is expected to be the public non-housing one, with output expected to decline at an average rate of 8.9% per year over the period to 2015. Although the region was not one of the main beneficiaries from the early waves of the Building Schools for the Future (BSF) programme it has seen around 70 schools projects cancelled in the later stages of the programme and this, along with wider government expenditure cuts, will act as a significant dampener on activity in the sector.

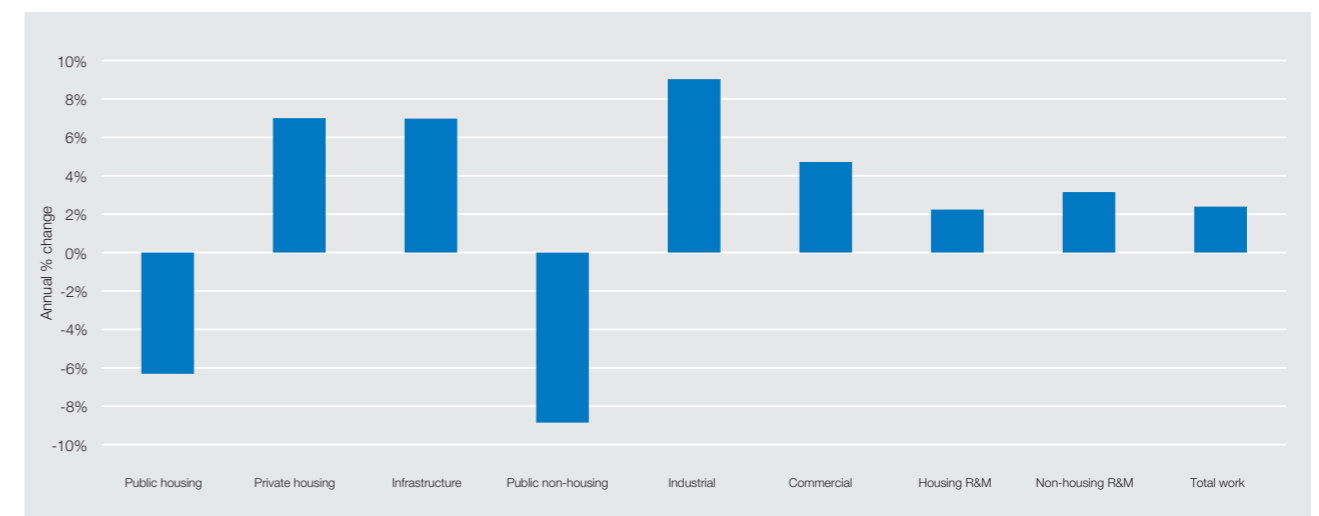
With an annual average growth rate of 4.7% over the period to 2015, the commercial sector is expected to fare reasonably well over the forecast period. Two PFI hospital projects in Cambridge – Addenbrooke's Hospital and Papworth Hospital – are due to start in 2011 and construction will continue throughout most of the forecast period. Work is also expected to start on the £350m Snoasis scheme near Ipswich, with a build time of around two and a half years.

Wood trades and interior fit-out was the largest trade occupation in the East of England in 2009 – as is the case across most of the UK – accounting for 11.4% of total construction employment, and is projected to remain so over the forecast period. In absolute terms, this occupation is forecast to see the largest increase in construction-specific employment at 2,860, but in percentage terms the strongest rises in employment are projected to be for scaffolders (22%), logistics personnel (21%) and plasterers and dryliners (21%). The ARR of 5,220 is equivalent to 2.4% of 2011 base employment.



Mathematical Science Centre, Cambridge

Annual average construction output growth 2011-2015 - East of England



Source: CSN, Experian
ref. CSN Explained, Section 4, Note 2

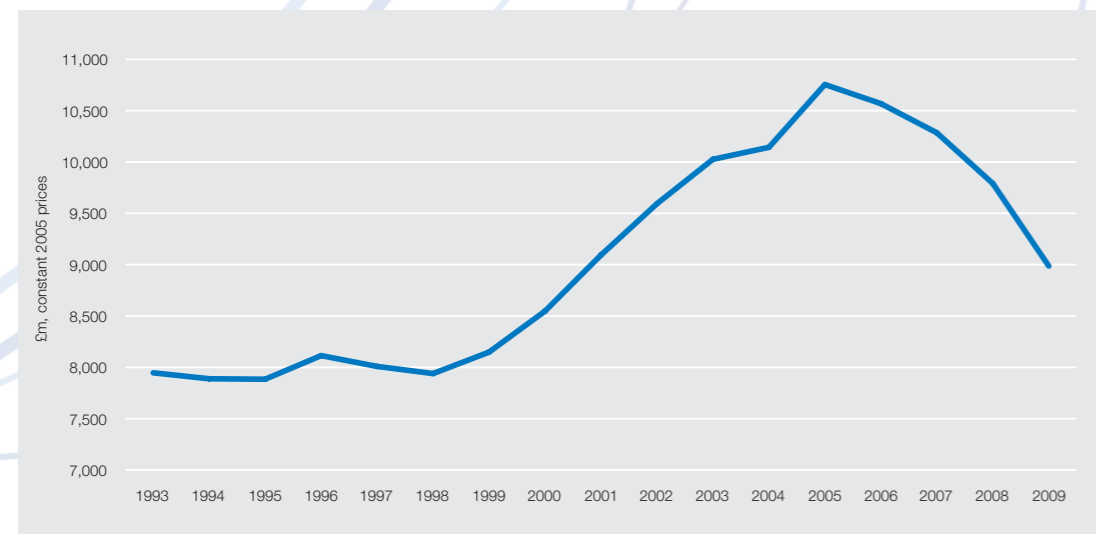
2. The outlook for construction in the East of England

2.1 Construction output in the East of England – overview

Total construction output in the East of England declined by 8% in 2009 to total just under £9bn, in 2005 prices. It was the lowest annual outturn since 2000. The new work sector saw output fall by 10% whilst R&M output contracted by a slightly weaker 6%.

Whilst the public non-housing and infrastructure sectors saw double-digit growth during 2009, output in the industrial sector plummeted by 45% and commercial construction output in the region fell by 25%. The private housing sector saw output decline by 21% to just £961m. Our recalibrated regional data in constant prices only goes back to 1990, and 2009 was the first year since then that the private housing sector has seen an outturn below £1bn.

Construction output 1993-2009 - East of England



Source: ONS
ref. CSN Explained, Section 4, Note: 1

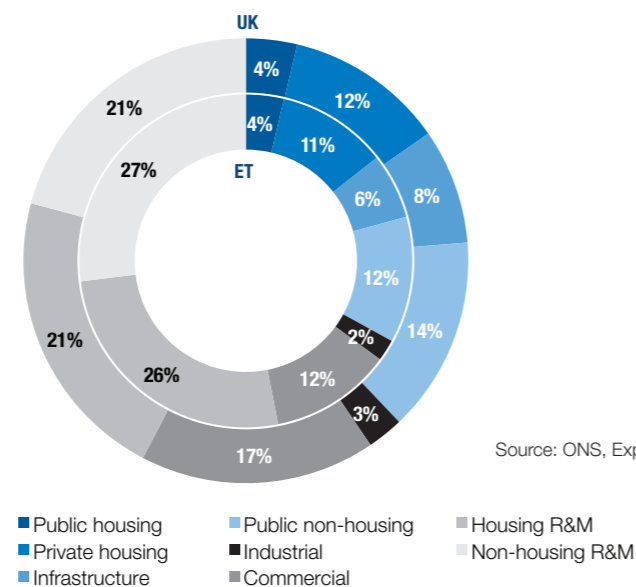
2.2 Industry structure

The diagram, Construction Industry structure 2009 – UK vs. East of England, illustrates the sector breakdown of construction in the East of England compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

There are some quite significant differences in the structure of the East of England's construction sector compared with the UK as a whole. The region's repair and maintenance sector (R&M) accounts for more than half of total construction output (53%) compared with just 42% in the UK as a whole.

Aside from both the housing and non-housing R&M sectors which are much larger than in the UK, there are a number of sectoral differences in the region. The commercial sector in the East of England is much smaller than in the UK, taking a 12% share of output compared with 17% (UK). The public non-housing (12%) and infrastructure (6%) sectors are also relatively less important than in the UK as a whole, where they account for 14% and 8%, respectively.

Construction industry structure 2009 - UK vs. East of England (ET)



Source: ONS, Experian

■ Public housing
■ Private housing
■ Infrastructure
■ Public non-housing
■ Industrial
■ Commercial
■ Housing R&M
■ Non-housing R&M

Economic structure - East of England (£ billion, 2006 prices)

Selected sectors	Actual	Forecast					
	2009	Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Public services	22.7	1.3	0.0	0.3	0.9	1.0	1.4
Financial and business services	23.4	3.1	3.4	3.9	4.0	3.7	4.0
Transport and communications	7.2	0.8	3.9	4.0	3.7	3.9	3.9
Manufacturing	12.4	4.3	3.7	2.1	1.8	1.7	1.8
Distribution, hotels and catering	16.2	3.8	2.3	3.2	3.5	3.3	3.2
Total Gross Value Added (GVA)	100.5	2.1	2.7	2.6	2.6	2.4	2.6

Source: Experian
ref. CSN Explained, Section 4, Note 3

2.3 Economic overview

The expected performance of a regional or national economy over the forecast period provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

Following a negligible contraction in 2008, Gross Value Added (GVA) in the East of England fell by 4.1% to £100.5bn (in 2006 prices) in 2009. The region accounted for 8.7% of total UK GVA in 2009, broadly unchanged from the previous year.

The financial and business services sector remained the largest in the region in 2009, taking a 23% share of total GVA, unchanged from 2008. The sector has become relatively more important in recent years – in 1990, it accounted for just 14% of total output in the region but this rose to 19% by 2000. However, this is still a smaller proportion than in the UK as a whole where it accounted for 29% of total output in 2009.

The public services sector was the only one to see output growth in 2009, albeit only a weak 0.9%. Its share of total GVA in the East of England has remained fairly constant over the past decade or so, accounting for between 21% and 23% of output. In 2009, it took a 22.7% share, up from 21.5% in 2008.

GVA in the East of England is estimated to have increased by 2.1% in 2010, following two years of decline. The manufacturing and distribution, hotels and catering sectors were the most buoyant, with estimated growth of around 4% in each sector.

2.5 Forward looking economic indicators

Following a return to growth in 2010, GVA in the East of England is projected to rise in each year of the forecast period to 2015. Moreover, the average annual growth rate of 2.6% over the period is stronger than the UK figure of 2%. The financial and business services and transport and communications sectors are expected to be the best performing over the 5 years to 2015.

Real disposable incomes in the East of England are expected to see one year of outright decline, 2010, before stagnating in 2011 and rising throughout the rest of the forecast period. This is in contrast to across the UK as a whole, where disposable incomes are projected to fall for 2 years before returning to growth in 2012 and rising in each year to 2015. Disposable incomes are coming under pressure from high levels of inflation, weak wage increases and rising taxes during 2011.

At 2.2 in 2009, the debt-to-income ratio in the East of England is substantially higher than the UK figure at 1.6. However, it has already declined from its peak of 2.6 in 2007 and 2008, and is expected to continue to fall over the forecast period, reaching 1.9 by 2015.

House prices in the East of England rose substantially between 2003 and 2007, with the house price index reaching 125 (base year of 2003), before dropping markedly in 2009. After rising by an estimated 7.9% in 2010, house prices are projected to see a weak fall in 2011 as the housing market recovery falters with tight credit conditions and economic uncertainty dampening demand. From 2012 onwards, house prices in the region are expected to see moderate growth.

Economic indicators - East of England (£ billion, 2006 prices - unless otherwise stated)

	Actual	Forecast					
	2009	Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Real household disposable income	85	-0.2	0.0	1.4	2.0	2.6	2.8
Household spending	83	1.6	1.6	2.0	2.2	2.2	2.4
Debt:Income ratio	2.19	2.08	1.99	1.94	1.91	1.88	1.85
House prices (Index 2003 = 100)	114	123.1	122.4	124.4	128.6	133.1	137.8
LFS unemployment (millions)	0.19	0.20	0.21	0.21	0.19	0.17	0.16

Source: ONS, DCLG, Experian

2. The outlook for construction in the East of England

New work construction orders - East of England (£ million, current prices)

	Actual	Annual % change				
	2009	2005	2006	2007	2008	2009
Public housing	312	77.0	20.7	5.6	-18.7	-6.1
Private housing	656	7.5	-5.0	-3.0	-37.7	-23.8
Infrastructure	1,522	59.0	-21.5	0.0	183.2	9.8
Public non-housing	1,216	-24.9	-14.5	43.8	5.7	7.3
Industrial	208	117.5	-31.6	4.4	-55.0	-31.5
Commercial	900	-26.9	8.9	-4.2	-23.1	-41.7
Total new work	4,815	-0.2	-6.4	4.2	-7.9	-13.4

Source: ONS
ref. CSN Explained, Section 4, Note 4

2.6 New construction orders – overview

New construction orders in the East of England dropped by 13% in 2009 to total £4.8bn, in current prices. This was the fourth decline in the past 5 years.

The infrastructure and public non-housing sectors were the only two to see an increase in new orders in 2009, rising by 10% and 7%, respectively. This followed a particularly strong total for the infrastructure sector in 2008, when new orders rose by 183%.

The commercial sector saw a particularly marked decline in new orders in 2009. They fell by 42% to total £900m, the weakest outturn for the sector since 1996. New construction orders for the industrial sector fell by 31%, whilst the private housing sector saw a 24% decline.

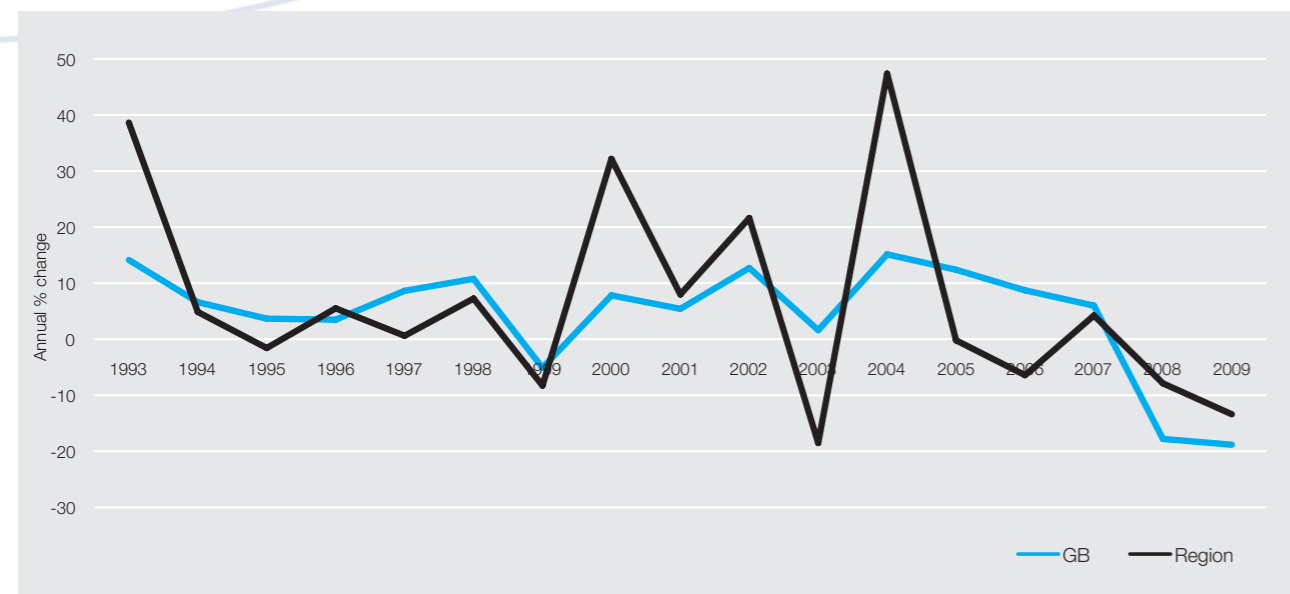
2.7 New construction orders – current situation

In the six months to June 2010, new construction orders fell by 28% from a year earlier to total £21.1bn, in current prices. However, new orders were up by 8% compared with the previous half year.

New private housing orders rose by 37% in the first half of 2010, compared with the corresponding period of 2009, and by 40% compared with the previous half year. The total of £241m in the first quarter of 2010 was the strongest for two years. The commercial sector also saw an increase in new orders in the first half of 2010, rising by 3% year-on-year and by 12% half-year-on-half-year. This was due to a marked rise in new health orders reflecting two new hospital schemes in the region – Addenbrooke's and Papworth.

Infrastructure new orders more than halved in the first six months of 2010, compared with the corresponding period of 2009, totalling just £452m. However, this followed two years of exceptional growth. New orders in the sector were down by 25% half-year-on-half-year. There was more gloom for the industrial sector as new orders in the first half of 2010 were down by almost one-third both year-on-year and half-year-on-half-year. Moreover, the total of £32m in the three months to March 2010 was a record low.

New construction orders growth 1993-2009 - East of England vs. GB



Source: ONS
ref. CSN Explained, Section 4, Note 4

2.8 Construction output – short-term forecasts (2011–2012)

Regional Office for National Statistics (ONS) output statistics are published in current prices and are thus inclusive of any inflationary effect. At the time of writing, ONS construction output statistics are only available for the first two quarters of 2010.

In current prices, construction output totalled £4.9bn in the six months to June 2010, 7% below the corresponding period of 2009 and down 11% half-year-on-half-year. The new work sector saw output rise by 5%, year-on-year, during the same period, boosted by a particularly strong performance from the infrastructure sector. In contrast, R&M output in the first half of 2010 was 19% lower than the same period of 2009 and 27% below the outturn in the second half of 2009.

The East of England construction sector is projected to return to growth in 2011, following five successive years of contraction. However, the pace of increase is expected to be only modest in the short term, averaging 1.2% per year in 2011 and 2012. R&M output is forecast to increase at a rate of 2% per year compared with 0.6% for new work.

On a sectoral basis, the industrial and infrastructure sectors are expected to be the most buoyant, with annual average growth rates of 11.8% and 11.2% per year. Main work is due to start on DP Port's London Gateway in late 2011 and this will drive growth in the infrastructure sector. The industrial sector will benefit from an improvement in the global demand for goods which will stimulate demand for new facilities.

Strong growth is also forecast for the commercial sector, averaging 7.3% per year in 2011 and 2012. There are a number of large PFI health projects, including hospital schemes at Addenbrooke's and Papworth, both in Cambridge, both of which should see construction work begin during 2011.

The public housing and public non-housing sectors are expected to see output fall markedly as public spending cuts begin to be felt. Although the region did not benefit particularly strongly from the Building Schools for the Future (BSF) programme, it will still feel the impact of a substantial decline in public funding. The public housing sector has benefitted from the Kickstart Housing Delivery programme, designed to unlock stalled mixed-tenure developments, but the output stream from this will begin to wind down during 2011 and into 2012.



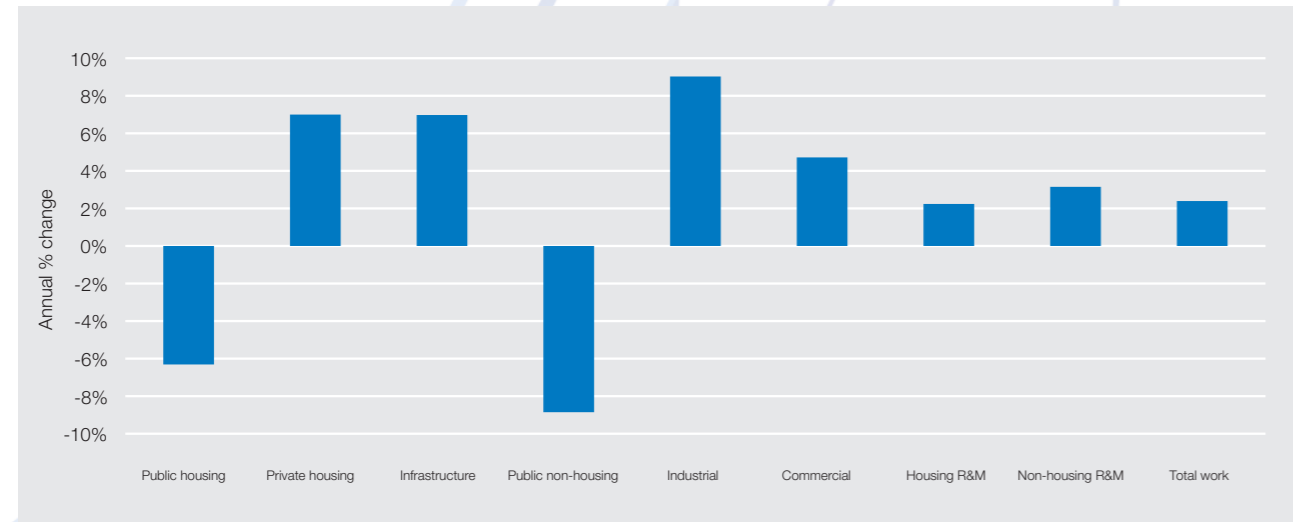
Construction output - East of England (£ million, 2005 prices)

	Actual 2009	Forecast annual % change			Annual average 2011-2012
		2010	2011	2012	
Public housing	332	27%	-27%	-14%	-21.1%
Private housing	961	14%	3%	11%	6.7%
Infrastructure	571	37%	17%	6%	11.2%
Public non-housing	1,102	10%	-6%	-22%	-14.4%
Industrial	188	4%	10%	13%	11.8%
Commercial	1,060	-7%	3%	12%	7.3%
New work	4,213	12%	0%	1%	0.6%
Housing R&M	2,348	14%	0%	2%	0.9%
Non-housing R&M	2,425	-42%	3%	5%	3.9%
Total R&M	4,773	-14%	1%	3%	2.0%
Total work	8,987	-2%	1%	2%	1.2%

Source: Experian
ref. CSN Explained, Section 4, Notes 1 and 2

2. The outlook for construction in the East of England

Annual average construction output growth 2011-2012 - East of England



Source: Experian
ref. CSN Explained, Section 4, Note 2

2.9 Construction output – long-term forecasts (2011–2015)

Over the longer term, the East of England's construction industry is expected to see annual average growth of 2.4%. This is significantly stronger than the UK figure of 1% and makes it the best performing across all the regions and nations. R&M output is forecast to grow at an annual average rate of 2.6%, slightly stronger than the 2.4% expected for new work output.

The industrial sector is projected to be the most buoyant over the 2011-2015 period, with output rising at an average annual rate of 9%. The sector has seen dramatic falls in output over the past few years and the downturn in 2009 was just one-third of its 2006's level. Thus the strength of the industrial sector is partly a bounce-back effect as recovery sets in, but the sector will also benefit from improving export demand as sterling remains substantially weaker than it was earlier in the decade. Despite strong growth, however, output in the sector will remain significantly in 2015 than it was in the decade to 2008 on average.

Average growth of 7% per year is forecast for both the private housing and infrastructure sectors. Work on the London Gateway deep-sea port is likely to continue throughout the forecast period, with the project set to open in phases according to market demand. There is also a project to upgrade the rail freight network from Felixstowe to Nuneaton, which is due to be completed by 2014. The average annual growth rate for the region's private housing sector is stronger than the national average of 6% per year. Credit conditions are likely to continue to ease throughout 2011 and 2012, making access to mortgages easier for potential buyers and facilitating financing for house builders.

Output in the commercial sector is projected to rise in each year of the 2011-2015 forecast period at an annual average rate of 4.7%. Construction on the £300m redevelopment of Addenbrooke's Hospital in Cambridge is due to start in 2011 and be completed by May 2015 whilst the construction of a new £148m cardiothoracic hospital for Papworth Hospital is also due to start in 2011 with a 3-year build time. Although the planned £347m redevelopment of Hemel Hempstead town centre has been cancelled, a decision has now been made to redevelop the town centre in stages. There will be a number of short term improvements,

followed by longer term initiatives. The £350m Snoasis scheme (a leisure and hotel complex near Ipswich) is also due to start during the forecast period, with a build time of approximately two and a half years.

The public non-housing sector is expected to be the worst performing one over the forecast period, with an annual average decline of 8.9%. This is the case across the UK as a whole and is not particularly surprising given the extent of the government spending cuts that have been announced, despite the region not benefitting substantially from the BSF programme. The public housing sector is projected to see output decline by 6.3% per year on average over the 2011-2015 period. There were severe cuts for the public housing sector announced in the Comprehensive Spending Review, with a budget of just £4.4bn for England compared with £8.4bn over the 2008-2011 period, and thus every region will be affected. There will be some modest growth towards the end of the forecast period, as the next funding pot is "back-end loaded" but output levels will still be significantly lower in 2015 than in 2006-2010. Over the 18 months to September 2010, there were 6,535 public housing units started in the region with funding from the 2008-11 National Affordable Housing programme (NAHP) and 515 started with funding from Kickstart. Over the same period, there were just over 10,000 units completed in the East of England with NAHP funding and 14 with Kickstart funding.

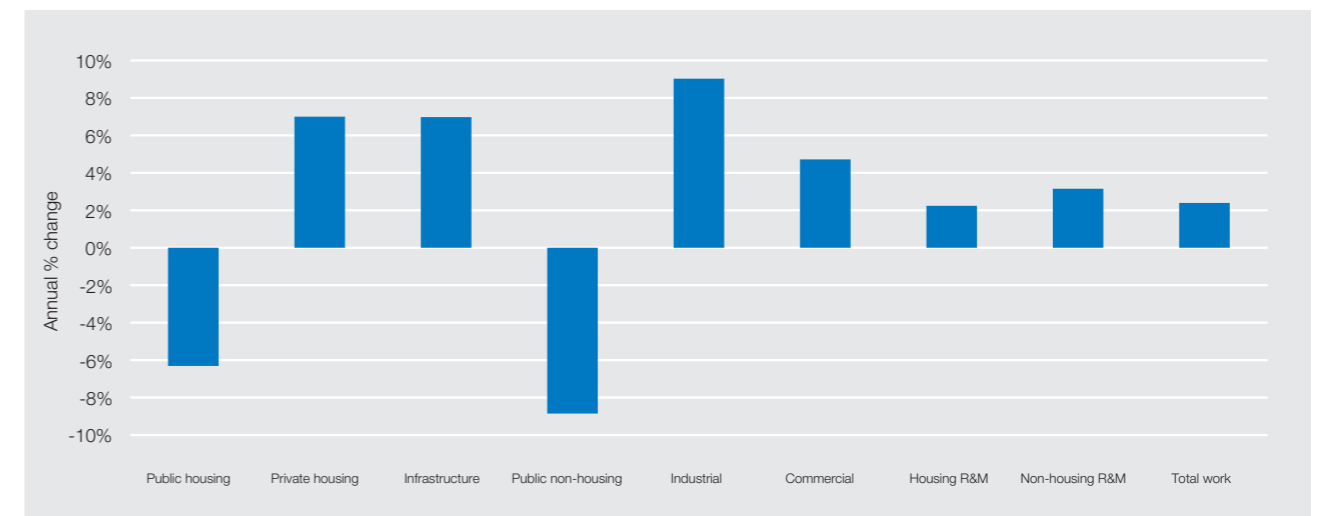


Construction output - East of England (£ million, 2005 prices)

	Estimate 2010	Forecast annual % change					Annual average 2011-2015
		2011	2012	2013	2014	2015	
Public housing	421	-27%	-14%	8%	1%	7%	-6.3%
Private housing	1,100	3%	11%	8%	8%	6%	7.0%
Infrastructure	782	17%	6%	3%	3%	6%	7.0%
Public non-housing	1,209	-6%	-22%	-10%	-7%	2%	-8.9%
Industrial	195	10%	13%	8%	7%	6%	9.0%
Commercial	990	3%	12%	4%	4%	2%	4.7%
New work	4,698	0%	1%	3%	3%	5%	2.2%
Housing R&M	2,671	0%	2%	3%	4%	3%	2.2%
Non-housing R&M	1,419	3%	5%	2%	3%	3%	3.1%
R&M	4,090	1%	3%	3%	3%	3%	2.6%
Total work	8,788	1%	2%	3%	3%	4%	2.4%

Source: CSN, Experian
ref. CSN Explained, Section 4, Note 2

Annual average construction output growth 2011-2015 - East of England



Source: CSN, Experian
ref. CSN Explained, Section 4, Note 2

2.10 Beyond 2015

The expectation is that energy security and retrofitting of carbon reduction measures will be important drivers of activity in the East of England's construction industry beyond 2015. Sizewell in Suffolk is one of 10 sites in England and Wales that have been approved for new nuclear power stations. Initial information indicated that construction might start as early as 2013, but recent research suggests that it is unlikely to commence before 2015. Bradwell in Essex was also on the shortlist, with an estimated start date of 2017.

There is also a project to reopen the East-West rail link which would link Cambridge and Oxford with East West Rail having submitted an outline business case for the scheme at the end of 2010. The scheme would use existing railway lines over a large proportion of the proposed route, but the "missing" sections from Bicester to Bletchley and from Bedford to Cambridge would need to be constructed. Current information puts the start date of the project towards the end of the forecast period, with a projected completion date of 2019.

Thus it is likely that energy and transport projects, along with retrofitting work may be the longer term drivers of construction activity in the region.

3. Construction employment forecasts for the East of England

3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in the East of England for 2009, the forecast total employment in 26 occupational groups and in the industry as a whole between 2011 and 2015. A full breakdown of occupations is provided in CSN Explained.

Total construction employment, including SIC 45 and 74.2, in the East of England is forecast to total 248,860 in 2015. This is 12.2% higher than 2011's projected outturn but slightly below the outturn for 2009. Following a further year of decline in 2011, construction employment is expected to increase in 2012 as the recovery strengthens in the region, particularly in the more labour-intensive R&M sectors.

In 2009, the largest trade occupation in the East of England was wood trades and interior fit-out, accounting for 11.4% of total construction employment. It is predicted to increase by 11.2% to 28,410 between 2011 and 2015. However, its share of total employment will remain unchanged from 2009.

The largest rises in construction-specific employment between 2011 and 2015 are for scaffolders (22%), logistics personnel (21%) and plasterers and dryliners (21%). The skills possessed by workers in the first two occupations can be applied across many construction sectors, meaning that they will be less affected by falling levels of activity in one. In absolute terms, however, these increases in employment are not particularly strong due to the relatively small size of the occupational groups.

In absolute terms, the construction-specific occupational groups expected to see the largest increases in employment are wood trades and interior fit-out (2,860), painters and decorators (1,420) and plumbing and HVAC trades (1,340). The smallest increases are for glaziers (210), roofers (250) and plant mechanics/fitters (260).

Total employment by occupation - East of England

	Actual 2009	Forecast	
		2011	2015
Senior, executive, and business process managers	15,440	13,810	16,050
Construction managers	19,850	17,610	20,190
Non-construction professional, technical, IT, and other office-based staff	34,430	30,730	33,750
Wood trades and interior fit-out	28,850	25,550	28,410
Bricklayers	6,070	5,450	5,840
Building envelope specialists	12,160	10,580	11,640
Painters and decorators	12,630	11,600	13,020
Plasterers and dry liners	4,900	4,540	5,480
Roofers	2,730	2,370	2,620
Floorers	5,180	4,570	4,900
Glaziers	3,240	2,700	2,910
Specialist building operatives nec*	6,160	4,990	5,410
Scaffolders	1,510	1,210	1,480
Plant operatives	3,460	2,900	3,360
Plant mechanics/fitters	3,520	3,280	3,540
Steel erectors/structural	2,490	2,360	2,780
Labourers nec*	10,610	8,460	10,540
Electrical trades and installation	20,980	19,100	20,250
Plumbing and HVAC Trades	16,400	13,930	15,270
Logistics	3,580	3,030	3,670
Civil engineering operatives nec*	5,790	4,500	5,590
Non-construction operatives	2,990	2,500	3,080
Civil engineers	2,660	2,170	2,470
Other construction professionals and technical staff	17,190	15,510	17,390
Architects	3,160	2,590	2,960
Surveyors	6,150	5,750	6,260
Total (SIC 45)	222,970	195,770	219,780
Total (SIC 45 and 74.2)	252,130	221,790	248,860

Source: ONS, CSN, Experian ref. CSN Explained, Section 4, Notes 5 and 6

3.2 Annual recruitment requirements (ARR) by occupation

The annual recruitment requirement is a gross requirement that takes into account workforce flows into and out of construction, due to such factors as movements between industries, migration, sickness, and retirement. However, these flows do not include movements into the industry from training, although robust data on training provision is being developed by ConstructionSkills. Thus, the annual recruitment requirement provides an indication of the number of new employees that would need to be recruited into construction each year in order to realise forecast output.

The annual recruitment requirement (ARR) between 2011 and 2015 for the 26 occupations within the East of England's construction industry is illustrated in the table. The ARR of 5,220 is indicative of the average requirements per year for the industry, as based on the output forecasts for the region. This takes into account 'churn' – flows into and out of the industry, excluding training flows.

In absolute terms, the largest ARR is for painters and decorators at 710, 13.6% of the total. It is an occupation with a strong presence in the R&M sectors and thus benefits from strong growth there. However, in terms of a proportion of base 2011 employment, the highest ARR is for scaffolders (11.6%) and logistics personnel

(11.2%). Plumbing and HVAC trades is also expected to have a large ARR at 590 or 11.3% of the total.

Please note that all of the ARR's presented in this section are employment requirements and not necessarily training requirements. This is because some new entrants to the construction industry, such as skilled migrants or those from other industries where similar skills are already used, will be able to work in the industry without the need for significant retraining.

Non-construction operatives is a diverse occupational group including all of the activities under the SIC 45 and SIC 74.2 umbrella that cannot be classified elsewhere, such as cleaners, elementary security occupations nec and routine inspectors and testers. The skills required in these occupations are highly transferable to other industries and forecasting such movement is hazardous given the lack of robust supportive data. Therefore the ARR for non-construction operatives is not published.

Finally, for certain occupations there will be no appreciable requirement over the forecast period, partly due to the recession creating a 'pool' of excess labour.

Annual recruitment requirement by occupation - East of England

	2011-2015
Senior, executive, and business process managers	320
Construction managers	430
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	-
Bricklayers	390
Building envelope specialists	100
Painters and decorators	710
Plasterers and dry liners	-
Roofers	140
Floorers	300
Glaziers	290
Specialist building operatives nec*	260
Scaffolders	140
Plant operatives	60
Plant mechanics/fitters	-
Steel erectors/structural	70
Labourers nec*	210
Electrical trades and installation	-
Plumbing and HVAC Trades	590
Logistics	340
Civil engineering operatives nec*	50
Non-construction operatives	-
Civil engineers	-
Other construction professionals and technical staff	380
Architects	120
Surveyors	320
Total (SIC 45)	4,400
Total (SIC 45 and 74.2)	5,220

Source: CSN, Experian ref. CSN Explained, Section 4, Notes 5 and 6

4. Comparisons across the UK

An annual average growth rate of 2.4% between 2011 and 2015 puts the East of England at the top of the growth table of all the regions and nations.

Public expenditure cuts announced in the 2010 Emergency Budget and the subsequent Spending Review in October will inevitably have a negative effect on public non-housing output across the UK. However, by how much the different regions will be affected will largely depend on their level of exposure to the BSF programme. Those regions with a larger number of BSF schemes in the early part of the programme (Waves 1-4), which have mostly escaped cancellation, will see a much higher fall off in activity once those projects are completed than those with relatively few schemes. Thus the East of England, with very few schools in the early waves of the scheme, is forecast to see a weaker annual average decline in public non-housing output (8.9%) than the UK average (12.4%).

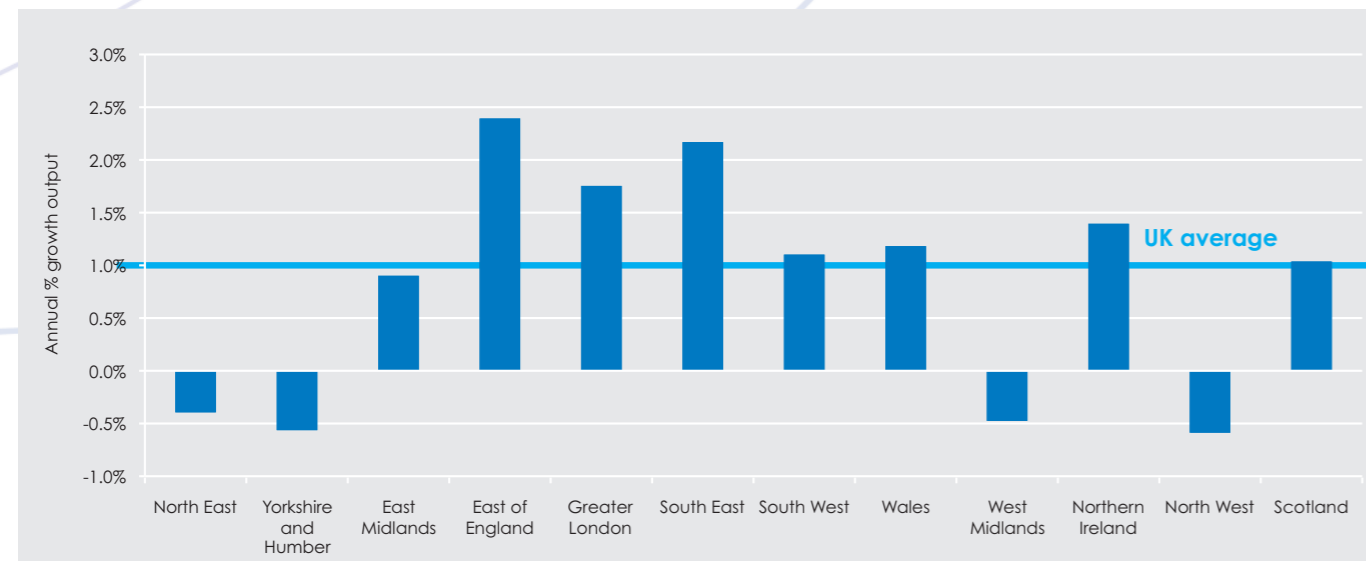
The public housing sector has been hit hard by the cuts in government expenditure going forward, with only £4.4bn available for the English regions between 2011 and 2015, compared with the £8.4bn funding through the 2008-11 National Affordable Housing Programme. Our forecasts suggest that the UK as a whole will decline at an annual average rate of 5.6% over the 2011-2015 period, although the North East and the East Midlands are expected to significantly underperform with double-digit contractions. The former has a relatively small public housing sector and has done well out of allocations in the recent past, although this means that it has a larger distance to fall upon fiscal retrenchment. In the case of the latter, output is predicted to contract over each of the forecast years, making the region the weakest in the UK. The decline of 6.3% in the East of England is slightly stronger than the UK average.

On a more positive note, the private housing sector should be the strongest performer in UK construction, with an annual average rate of increase of 6% between 2011 and 2015 – well above the industry mean of 1%. Yorkshire and Humber's sector is likely to be especially buoyant, with a growth rate of 9.7%. Greater affordability in the region – the house price to earnings ratio is expected to remain below the national average – and easier access to mortgage finance should be vital in driving growth. The East of England's private housing sector is likely to perform well, with an annual average growth rate of 7% per year.

In the UK, both the infrastructure and industrial sectors are predicted to grow at an annual average rate of 4.4% over the five years to 2015. Greater London has a number of large transport projects, the biggest of which are Crossrail (worth an estimated £14.6bn on revised figures) and the £5.5bn Thameslink scheme (although there are other sizeable infrastructure schemes such as Thames Tideway, Heathrow Terminal East and various Underground station upgrades). Large transport schemes can dictate demand for distribution facilities, such as warehouses, hence the strength of industrial construction growth in the East of England at 9% a year to 2015 on the back of the construction of the new London Gateway port.

Employment growth in the region between 2011 and 2015 is predicted to be significantly stronger than in the UK as a whole, increasing by 12.2% compared with the UK figure of 7.8%. At 5,220, the annual recruitment requirement over the forecast period is equivalent to 2.4% of base 2011 employment, one of the strongest across the UK.

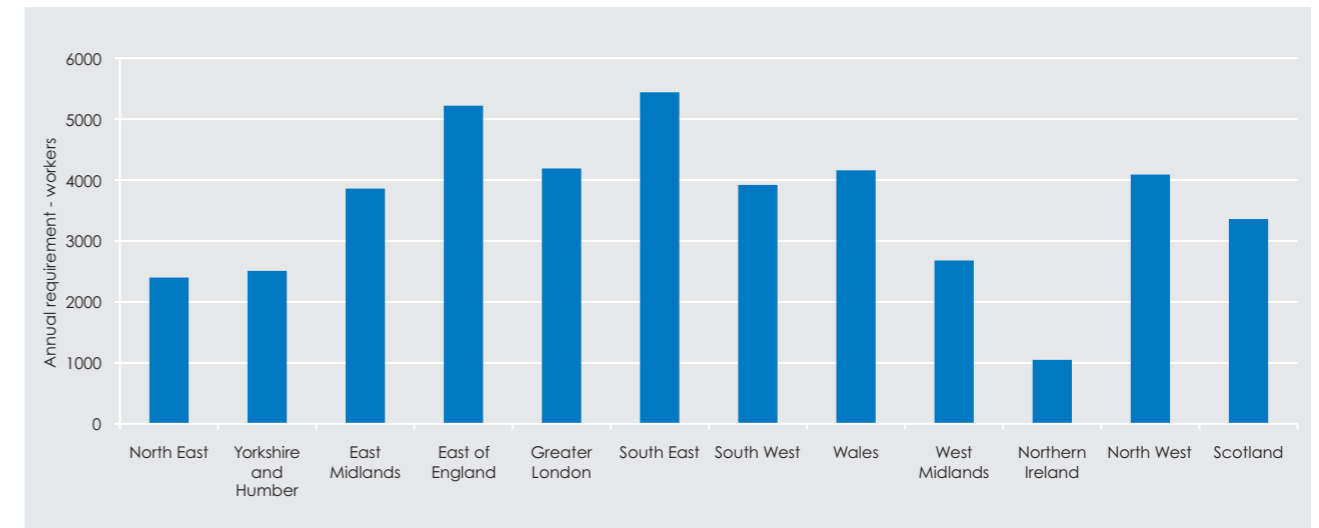
Annual average output growth by region 2011-2015



Source: CSN, Experian
ref CSN Explained, Section 4, Note 2

Construction output in the East of England is forecast to grow at an annual average rate of **2.4%**, the strongest of all the regions and nations.

Annual recruitment requirement (ARR) by region 2011-2015



Source: CSN, Experian



Employment growth between 2011 and 2015

is predicted to be significantly stronger than in the UK as a whole, increasing by

12.2% compared with the UK figure of **7.8%**

For more information about the
Construction Skills Network, contact:

Lee Bryer

Research and Development

Operations Manager

0344 994 4400

Lee.bryer@cskills.org

Cskills website

<http://www.cskills.org/>

<http://www.cskills.org/contact-us/offices.aspx>

CSN Webpage

<http://www.cskills.org/supportbusiness/businessinformation/csn/index.aspx>

